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DEPARTMENT FOR SCA/CEN (J. MUDGE)

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TAGS: [ECON](#) [EAIR](#) [EIND](#) [EINV](#) [PREL](#) [KZ](#)  
SUBJECT: KAZAKHSTAN: AMBASSADOR MEETS WITH MINISTER OF  
TRANSPORT MAMIN

Ref: Almaty 1068 (Bodman-Nazarbayev), B) Almaty 557

¶1. (SBU) Summary: Air Astana is considering buying several Boeing aircraft for its fleet, according to Transport Minister Mamin. He will travel to Seattle in June for discussions with Boeing, as well as to Toulouse to discuss the Airbus offer. Mamin confirmed that Kazakhstan also wants to host a Boeing maintenance facility and a GE airplane engine repair facility. Mamin told the Ambassador that the GOK's agreement with FedEx would likely be signed during an expected Nazarbayev visit to Washington in the fall. He expressed willingness to examine the commercial feasibility of an Air Astana flight from Almaty to Kabul, and informed the Ambassador that the GOK's shares in national railway Kazakhstan Temir Zholiy would soon be transferred to the new Samruk holding company. End summary.

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Possible Boeing Order  
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¶2. (SBU) In an April 18 meeting with the Ambassador to discuss pending bilateral issues in advance of the Vice President's upcoming visit to Astana, Minister of Transport and Communications Askar Mamin confirmed that Air Astana is still considering purchasing several Boeings. They were waiting for proposals from both Boeing and Airbus. (Note: Air Astana reports that the RFP deadline has been extended to May 5 at Boeing's request. End note.) Mamin said he would travel to Seattle in early June for discussions with Boeing. He also plans to visit Airbus in Toulouse. The Ambassador expressed hope that the Boeing bid would ultimately win out on cost and financing. He offered to help Mamin make contact with EXIM during his trip to the U.S. in order to discuss financing for the planes. Mamin said that Kazakhstan also wants to host a Boeing maintenance facility (Ref A).

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Kazakhstan Seeking GE Plant  
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¶3. (SBU) Mamin informed the Ambassador that the GOK was also aggressively courting GE in hopes that it will locate a planned airplane engine repair facility in Kazakhstan rather than Russia. Mamin said he was personally directing the Kazakhstani effort, and asked for the USG's support. The Ambassador noted that the investment climate for such a project might well be more favorable in Kazakhstan than in Russia. Mamin emphasized that Kazakhstan was favorably positioned to host the GE facility, as it was centrally

located in a vast region without a similar plant.

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FedEx Agreement  
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14. (SBU) The Ambassador asked Mamin about prospects for signing the agreement that will allow FedEx to use its own planes rather than sending its shipments to Kazakhstan as cargo on other airlines. Mamin said the GOK was ready, and asked about the possibility of signing during the Vice President's upcoming visit to Astana. The Ambassador indicated that that was unlikely. Mamin said the agreement would therefore likely be signed during President Nazarbayev's planned trip to Washington in the fall. Cooperation would begin before the signing, the Minister stressed.

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Regional Integration  
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15. (SBU) The Ambassador underscored the importance the USG attaches to increased Central Asian regional integration in the form of transport links, and asked Mamin if it might be feasible for Air Astana to add an Almaty-Kabul flight. The U.S. realizes that such a flight would be feasible only if the commercial basis existed, the Ambassador added, noting that we planned to discuss the idea directly with Air Astana as well. Mamin said the idea was interesting and deserved closer examination. (Note: In a April 19 meeting with post's Commercial Officer, Air Astana president Peter Foster expressed considerable skepticism regarding the commercial viability of an Almaty-Kabul route given extremely high

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insurance costs. He noted that Air Astana is however in discussions to begin two to three flights per week to Dushanbe and Ashgabat from Almaty, and to Baku from Aktau or Atyrau. End note.)

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Kazakhstan Temir Zholiy  
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16. (SBU) Mamin confirmed that the state's shares in Kazakhstan Temir Zholiy, the national railway, would be transferred to the new holding firm Samruk (Ref B) in four to six weeks. There are only a few legal questions to resolve, he said. Mamin explained that his Ministry would remain responsible for setting Kazakhstan Temir Zholiy's policies and strategy. Samruk will handle business management aspects. Mamin said that Kazakhstan plans to open a second railway crossing into China in the near future. The railway has also been purchasing additional freight and passenger cars from Russia and the PRC.

17. (SBU) Mamin said that he was quite pleased that President Nazarbayev had just signed a national transportation strategy that had been under development for the past six months. It includes expenditures of \$30 billion over ten years for roads, ports, railways, etc. Mamin expects the strategy to improve freight transport through Kazakhstan. He informed the Ambassador that there would be a conference in September on the Boston-China multi-modal trade route that passes through Kazakhstan.

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